Mr. H. HOMBE GOWDA.—How long is it since these 72 Surveyors were entertained?

Mr. N. N. AYYANGAR.—Since 1927.

Mr. H. HOMBE GOWDA.—It is said that subsequent to those appointments, 12 graduates were taken by direct recruitment. How many of them are Brahmins?

Mr. N. N. AYYANGAR.—Eight.

Mr. H. HOMBE GOWDA.—With reference to (*d*), is there no non-Brahmin Surveyor who has put in 5 years' service?

Mr. N. N. AYYANGAR.—None, according to the inforn ation before me.

Mr. H. HOMBE GOWDA.—What is the service of Mr. Basavaradhya who is an Engineering graduate?

Mr. N. N. AYYANGAR.—Mr. Basavaradhya is a Surveyor. He has put in only 3 years and 7 months' service. Formerly he was a Sub-Overseer.

Mr. H. HOMBE GOWDA.—Is he not an Engineering graduate?

Mr. N. N. AYYANGAR.—Yes; but formerly he held only a certificate, and after he became a graduate, he was promoted.

Mr. H. HOMBE GOWDA.—With reference to the answer to (*f*) (ii), was only one out of eight non-Brahmins selected for promotion even though others also were graduates?

Mr. N. N. AYYANGAR.—At the time those promotions were ordered, there were no backward community men with the required qualifications, except Mr. Puttaswami who is of the Lingayet community.

Mr. H. HOMBE GOWDA.—Why is it that some non-Brahmins have not been promoted at all?

Mr. N. N. AYYANGAR.—Because there have been no vacancies.

Mr. H. HOMBE GOWDA.—Are Government aware that in the grade of overseers and other higher grades, there are very few non-Brahmins, and some special consideration ought to be shown to them?

Mr. VICE-PRESIDENT.—They can only come up gradually. However, the question will be looked into once again.

Mr. B. S. PUTTASWAMY.—With reference to answers to question (*f*) (i), may I know whether the 5 Brahmin candidates who were promoted are included in the 64 referred to in answer to question (*b*)? If so, why were not some more non-Brahmins also selected for promotion?

Mr. N. N. AYYANGAR.—These non-Brahmin candidates were appointed in 1934, whereas the direct recruitment referred to was made in 1930. At that time, there was only one backward class man and he was promoted.

Mr. T. MARIYAPPA.—With reference to answer to question (*f*), were all the Brahmin candidates selected in strict accordance with the Central Recruitment Board rules?

Mr. N. N. AYYANGAR.—Yes.

Mr. T. MARIYAPPA.—How many places were advertised as Special and how many as General?

Mr. VICE-PRESIDENT.—Notice.

Mr. T. MARIYAPPA.—How many non-Brahmin applicants were rejected?

Mr. N. N. AYYANGAR.—Notice.

Mr. N. G. SANJEEVIAH.—In 1934, some non-Brahmin candidates did apply, but they were all rejected. Did not an young man from the Sourashtra community apply in that year?

Mr. N. N. AYYANGAR.—Notice.

GOVERNMENT BUSINESS—(*concld.*).

VI. The Debt Conciliation Bill.

The CHIEF SECRETARY to GOVERNMENT (Mr. A. V. Ramanathan) explained the general principles of the Bill as follows:—

"The Committee appointed by the Government in 1934 to consider measures of relief to the agriculturists to tide over the economic depression recommended, among other measures, the reduction of agricultural debts by conciliation between the debtors and the creditors. In accepting the recommendation, the Government have come to the conclusion that a scheme of debt conciliation on a voluntary basis may be introduced. For implementing this, the Government propose to introduce a Bill to make provision for the setting up of Conciliation Boards to relieve

agriculturists' indebtedness on the lines of the Acts which have been passed in the Central Provinces and Madras. The main provisions of the Bill are as follows—

"This measure applies to agriculturists who earn their living mainly by agriculture and whose debts exceed Rs. 100.

"It provides for the appointment of Debt Conciliation Boards consisting of a Chairman and two members appointed by the Government who shall hold office for a period of three years.

"Any creditor or debtor who wants the intercession of the Board may apply to it.

"Notice is sent to the creditors, and the debtor and the creditor are brought face to face with each other.

"The Board tries to persuade the parties to come to an amicable settlement. If the creditors to whom not less than 50 per cent of the debts are due and the debtors agree to a settlement, that agreement is recorded by the Board and registered and it has got the same effect as a decree of a civil court.

"The amounts due under the agreement, if not paid, shall be recoverable by the Deputy Commissioner as an arrear of land revenue. If they are not so recovered, the amount may be recovered as if a decree of a civil court had been passed for its payment.

"In case there is no settlement and the creditor is responsible for refusing to agree to an amicable settlement, the Board shall, if it is of opinion that the debtor has made a fair offer, grant the debtor a certificate in respect of the debts owed by him to such creditor. If the creditor subsequently sues in a court for the recovery of a debt in respect of which a certificate has been granted, the court shall not allow the creditor costs of the suit or interest at more than 6 per cent after the date of such certificate.

"Further, if after the registration of an agreement any unsecured creditor sues for the recovery of a debt, any decree passed in such a suit shall not be executed as against the assets of the debtor set apart in the agreement until all the amounts regarded as payable under such an agreement have been paid.

"Even those creditors who are not inclined to agree to an amicable settlement will be induced to agree, since otherwise they will not get any relief until all those who have agreed to obtain relief. There are provisions in the Bill which act as deterrants to creditors who refuse to be accommodative and as inducements to those who are helpful.

"The jurisdiction of a civil court is barred in respect of any matter pending before the Board.

"Any order passed by the Board will be final."

Mr. C. N. NARASINGA RAO expressed his gratitude to the Government for having proposed this legislation which would prove to be very beneficial to the indebted agriculturists. He said that nobody would doubt the usefulness of the measure; but he felt that it required to be improved in certain respects as below:—

(1) While a minimum indebtedness, *viz.*, of Rs. 100 had been fixed as a condition precedent to a case falling under the purview of the proposed Regulation, no maximum limit had been specified. In the absence of a maximum limit, even debtors who owed lakhs of rupees might take advantage of the provisions and this he thought was not in accordance with the spirit of the Regulation. It might be that even a big Zamindar who owed a large sum of money to a moneylender might ask for the benefit of the Regulation; but he might really not be a person deserving of the special facilities contemplated in it. A person who dared to contract such large debts might naturally have adequate income with which in course of time he could repay the debts. The member therefore suggested that a maximum limit be fixed, *e.g.*, Rs. 5,000 or Rs. 10,000.

(2) It was not clear whether courts of law could entertain petitions from debtors subsequent to the award of certificates by Debt Conciliation Boards, as also petitions from creditors against whom, subsequent to the filing of suits by them in competent courts of law,

the debtors applied for awards by Conciliation Boards. These points should be clearly dealt with in the proposed Regulation.

(3) Power should be given to the Conciliation Boards for ascertaining, before granting an award, the total assets of the debtor and his repaying capacity, so that the creditor might not derive undue advantage from the Regulation and deceive the debtor.

(4) Scope should be created for unsecured creditors for securing their debts. Just as in the case of insolvency proceedings, a list of creditors, as furnished by the insolvent petitioner, should be published in the GAZETTE and applications invited from other creditors, if any. Necessary rules of procedure should be framed in this respect.

(5) Provision should be made to debar debtors from alienating their properties after applying for debt conciliation. This safeguard was necessary because, in view of such application, the jurisdiction of civil courts was proposed to be taken away and the interests of the creditors would surely be jeopardised if debtors were free to alienate their properties as they pleased.

Subject to the incorporation of provisions to the above effects, the member supported the Bill.

Mr. S. K. VENKATARANGIENGAR was of opinion that the provisions contained in the Bill before the House were not at all adequate to meet the object in view, *viz.*, relieving the indebtedness of agriculturists, for the simple reason that resort to Conciliation Boards was a matter of option on the part of not only creditors but also debtors. No creditor had reasons to be enamoured of this legislation. If at all, it ought to attract debtors, but as the Bill stood even these might or might not take advantage of its provisions. In all such matters, he said, there could be no half way house. To make the law sufficiently effective, it was necessary that Government should adopt a bold policy and make it incumbent on the part of creditors and debtors to resort to the Boards wherever the debtors happened to be agriculturists within the meaning of the Regulation in question. Otherwise, the speaker was afraid that the Regulation would remain a dead letter. The next difficulty lay in getting together creditors to whom at least 50 per cent of the debts were due. That would be no easy task, seeing that creditors and debtors were, as a rule, opposing elements; and so long as the parties failed to come together, settlement would become impossible, especially because the creditor would have nothing to lose by not agreeing to conciliation. The Board was going to allow only 6 per cent interest and that much of interest the creditor was sure of getting even from a civil court. So there was no charm for him to approach the Conciliation Board. On the other hand, there was provision in the Insolvency Regulation for composition of debts. If the debtor was able to pay a certain proportion of the amount due and if three-fourths of the number of creditors agreed, he could compound his debts without being declared an insolvent and the court would order a rateable distribution to the creditors. So this Regulation would not be an improvement over the Insolvency Regulation except in regard to the number of debtors that should agree to conciliation. No doubt, it was advantageous to the creditor in one respect, *viz.*, that his dues under the award could be recovered by the Deputy Commissioner as an arrear of land revenue. But advantage to the creditor was not the main object in view. If the Regulation was to be of real help to the debtors, it should be laid down definitely that in all cases where a debtor agreed to pay 50 per cent of his debts, this law ought to apply. It was by doing so that Government would be showing real sympathy for the raiyat, and not by providing that creditors to whom not less than 50 per cent of the debts were due should agree to conciliation.

Continuing, the member suggested that in cases where debtors made reasonable offers and creditors would not accept them, no interest ought to be allowed thereafter. The proposed legislation provided for interest at 6 per cent as it were a matter of concession to

debtors. Courts of law usually allowed interest only at that rate, so that no debtor was going to be benefited if the same high rate was going to be allowed by the Conciliation Boards also. He much rather wished that there was no provision whatever for payment of interest in such cases. On the whole, the member thought that the provisions proposed were not quite adequate or likely to be effective. He was afraid that it would be a piece of legislation only in name. In the British Indian provinces where a similar law had been enacted, it had already become a dead letter. Even in regular courts of law where there were two assessors in addition to the judge to decide cases, they were finding it difficult to bring about conciliation and he was, therefore, not very hopeful of Conciliation Boards achieving much success. It would have been a separate thing if Government had not proposed to interfere in such matters at all. But having done so, they should have boldly proposed provisions calculated to yield really beneficial results to those concerned. They should, he suggested, do this even now or withdraw the Bill altogether in the hope that other Regulations in force, *viz.*, the Agriculturists' Relief Regulation, the Insolvency Regulation, etc., would give sufficient relief to all those deserving of it.

Mr. T. MADIAH GOWDA, in giving his whole-hearted support to the Bill, said that the entire raiyat population of the State was grateful to the Government for having proposed this legislation. Almost all the agriculturists of the State were too heavily indebted and it was but right that Government sought to go to their rescue at such a juncture. It was a matter for particular gratitude on their part that Government proposed the legislation in spite of the loss that would accrue on account of loss of stamp revenue. From the reports about the working of the Act in the Central Provinces, it was evident that several indebted agriculturists had been helped by it and that a large number of creditors themselves had offered to take advantage of it.

If the legislation was passed in Mysore, he had no doubt that it would be availed of not only by debtors but also by creditors. The creditors were finding it very difficult and expensive to resort to civil courts and recover their dues. This Bill created facilities for creditors to realise their dues without incurring any expense and for debtors to get full redemption by paying only a certain proportion of the dues.

The member did not agree with the view expressed by the previous speakers that the option provided in the Bill with regard to resort to Conciliation Boards would render the law ineffective. Representatives of the people had been repeatedly urging for the enactment of a legislation of this kind and its beneficial results would become evident soon after Conciliation Boards were established. It did not appear to him that anything like compulsion would fit in with a measure of this kind.

The system of settlement of disputes by arbitration had been in vogue in the villages from time immemorial and there was little doubt that this law, which was based on the same principle, would work equally efficiently.

There was however one small point which the speaker said was not quite clear, *viz.*, whether the members of the Board would be officials or non-officials. He would be glad if this point was also made clear at this stage alone. He also suggested that 3 or 4 gentlemen of status be appointed as members, instead of only 2.

Mr. VICE-PRESIDENT replied that the idea of Government was to have a judicial officer of Government as Chairman, the selection of members being made in the best possible manner in each case.

With reference to the suggestion that cases falling under the Regulation should be confined to a particular maximum limit of debt, Mr. T. Madiah Gowda did not expect that any agriculturist-debtor was so heavily indebted as to warrant the imposition of a maximum. Even granting that there were such cases, he did not see any objection to the Conciliation Boards handling them.

Mr. JATHARE NAIK said that the Bill had his strong support.

Mr. P. SUBBARAMA CHETTY said that the Bill was a welcome measure coming as it did at a time when, as a result of operation of the Agriculturists' Relief Regulation, the credit of raiyats was completely shaken. It would also help creditors to save the cost of litigation.

Differing from the view expressed by certain members that the Bill would help neither debtors nor creditors, the speaker cited the following statistics from the Central Provinces in order to show the extent of popularity of the corresponding Act in force there :—

Cases involving Rs. 1,28,33,000 were referred to Conciliation Boards.

These were settled for Rs. 78,65,000 resulting in relief to the extent of about Rs. 50,00,000 for the indebted raiyats.

Cases not settled by conciliation involved only Rs. 24,000.

At this stage, **Mr. N. G. SANJEEVIAH** enquired how many out of the above were cases which would otherwise have gone to insolvency courts, in which the creditors would have lost even the little they had realised by agreeing to conciliation.

Mr. P. SUBBARAMA CHETTY regretted he had not collected that information.

With regard to the mode of repayment of the amounts as awarded by the Conciliation Board **Mr. SUBBARAMA CHETTY** said that the raiyats were not in a position to pay any considerable part of the dues and he suggested that in order to satisfy the creditors, the Government themselves should issue loan bonds to them and recover the dues from the debtors in easy instalments as if they were arrears of land revenue.

Lastly, he suggested that the minimum limit now fixed should be reduced from Rs. 100 to Rs. 50 so that a larger number of agriculturist-debtors might be helped. With these observations, he supported the general principles of the Bill.

In further supporting the Bill, **Mr. M. A. GOPALASWAMI IYENGAR** made the following observations :—

Debt conciliation was one of the important measures suggested for the relief of agricultural indebtedness. The Bill had been framed on the lines of the Debt Conciliation Acts of the Central Provinces and Madras and it was proposed to introduce a scheme of debt conciliation on a voluntary basis. But the working of the Central Provinces Act showed that voluntary debt conciliation had not been a success. Up to the end of August 1935, the Conciliation Boards in the Central Provinces had conciliated only debts amounting to Rs. 128·33 lakhs out of the total agricultural indebtedness extending to about Rs. 100 crores, for Rs. 76·65 lakhs. Since the introduction of the Act in 1933, the Boards had been able to conciliate only a little more than one per cent of the total debts of the agriculturists. Further, the success of these Conciliation Boards was found to depend entirely on their ability to induce the creditors and the debtors to make an amicable settlement and on the good sense of the creditors to agree to a fair compromise. It appeared that the creditors were generally apathetic and that the secured creditors did not care for any compromise. And the debtors seemed to be also afraid of applying to the Conciliation Board for fear of losing the goodwill of the creditors and credit in future from them.

It was therefore suggested that a clause might be introduced in the Bill so as to enable the Conciliation Boards to make a compulsory conciliation of the debts due on the basis of some recognised economic and equitable principles if voluntary conciliation failed. The Indian Central Banking Enquiry Committee and some members of the Mysore Agriculturists' Relief Committee had suggested that legislative provision for securing a compulsory settlement, in cases in which the creditors would not agree to a voluntary settlement, should be made. Though Mr. Satyanathan in his report on Agricultural Indebtedness in Madras had not recommended any scheme of compulsory conciliation, he had still recognised the need for such a scheme only if the voluntary scheme failed to afford relief. Both experience and weight of authority

were thus in favour of making a proper provision for securing compulsory settlement if voluntary conciliation failed.

The Bill did not empower the Conciliation Boards to initiate inquiries into the debts of agriculturists and call upon creditors and debtors to appear before them for settlement of the debts due to the former from the latter. Such a power would enable the Board to undertake debt surveys and carry on propaganda in favour of debt conciliation on a voluntary basis. The Indian Central Banking Enquiry Committee had recommended the appointment of special officers in each province for bringing about conciliation by propaganda.

The Mysore Agriculturists' Relief Committee had observed that a scheme of conciliation to be successful should provide for some effective means of repayment of the compounded debt. But the Bill was absolutely silent on that point. As suggested by Mr. Satyanathan of Madras, provision should be made so as to enable the Conciliation Boards to furnish the debtor whose debts had been conciliated with a certificate showing the debts due by him under the conciliation scheme and the security at his command, together with their opinion that the debts could be paid by the Government or by a Co-operative Society or by a Co-operative Land Mortgage Bank. If the debtors did not possess immovable property which was enough to afford the margin of security required by those financing agencies, the Boards should have power to permit payment in instalments according to the repaying capacity of the debtor. If the debtor whose assets and earning capacity did not serve to clear off his debts, the application made to the Conciliation Board should be deemed to be an application for insolvency and the Board or the court having jurisdiction should have power to deal with it in a summary manner under the Insolvency Regulation. The Bill and the Mysore Insolvency Regulation required to be amended suitably for this purpose. Without a provision of that kind in the Bill, the scheme of debt conciliation would not be effective and useful, and relief of agricultural indebtedness would not be possible within any measurable distance of time.

The speaker therefore suggested that the Government might be pleased to incorporate the above proposals in the Bill.

Mr. S. C. MALLIAH, in supporting the measure, observed that it was not enough if the creditor and debtor were merely brought face to face with each other by the Board. The Board must step in in every case and see that the debts were conciliated. Unless this was done, he was afraid that the raiyats would never be relieved.

He did not agree with those who thought that conciliation boards of the sort contemplated would not work beneficially to the raiyats. He knew that in the villages many civil disputes were settled by panchayatdars without either party having to go to courts so that when the Boards specially appointed by Government for the purpose of effecting conciliation took up that work, they were bound to benefit the raiyats.

He was not in favour of the suggestion made by some of the previous speakers that a maximum should be prescribed with regard to amounts involved in the cases which might go before the Conciliation Boards.

On the whole he thought that the measure was very acceptable and that if modifications or improvements were considered necessary, they could be thought of later on.

Mr. K. T. BHASHYAM AIYANGAR congratulated the Government, on behalf of the agriculturists in the State, for the measure that they had introduced. It was well known that the prosperity of the State depended entirely on the prosperity of the raiyats. At the present time the raiyats were so heavily indebted that it appeared impossible for them to save themselves unless the State went to their rescue and afforded some extraordinary measure of help. It was therefore the duty of every one who had the prosperity of the country at heart to help the raiyat to become debt-free not only urgently but honourably. One method which had been adopted in all other countries,

and which could well be adopted in Mysore too, was the method of bringing debtors and their creditors face to face in the presence of Conciliation Boards and, as far as possible, try to bring about a settlement of the debts coupled with an easy method of repayment, so that the creditors would be satisfied that they would get what they were reasonably entitled to and the debtors, on the other, would feel relieved by the fact that they would not be coerced and crushed. Such a method had been embodied in the measure before the House. It would be no exaggeration to say that if this measure was passed and worked by all concerned in the spirit in which it had been conceived, there could be no doubt whatever that the raiyats who were so heavily indebted at the present time would find themselves saved at no distant date. That, he thought, would be the beginning of national prosperity.

There were very many items which members could suggest in order to implement what was contained in the measure. One such was that the Government should follow it up by a debt redemption scheme. Another was that the Government should create further credit facilities in rural areas. These and other similar suggestions could very well be made and also conceived of by the Government. He would therefore appeal to Government not merely to have the proposed measure passed but also to implement it in all possible ways.

Some members had already made certain suggestions with regard to details and he had also certain other suggestions to make. For example, it might be desirable to make provision for the settlement of those debts also in which less than Rs. 50 were involved. Recovery of debts by easy instalments must also be clearly provided for as otherwise the provision for recovering them as arrears of land revenue might be interpreted to mean that the amount was recoverable in a lump. Though the measure was proposed with special reference to agriculturist-debtors, there would be no harm in extending it to other debtors also. But these and other suggestions could well be discussed and adopted, if need be, at the select committee stage.

Mr. V. VENKATASWAMI CHETTY also welcomed the measure. He said that both debtors and creditors found themselves in a miserable plight at the present moment. No creditor would lend money with a view to ruin the borrower and no borrower would raise loans with the object of cheating the creditor. But, due to continued economic depression, the borrowers were unable to discharge their debts and the creditors were every moment running the risk of losing their moneys. The proposed Bill sought to go to the rescue of both these classes of persons and for this reason he would wholeheartedly support the measure.

Mr. A. VENKATESIAH opposed the measure. He observed that those who had spoken already had congratulated the Government, but he for one saw nothing to warrant congratulations. It was true that agriculturists were heavily indebted, but why? Had Government taken the trouble to ascertain the reasons for it and moved even their little finger for saving the situation? What steps had the Government taken to vouchsafe contentment and happiness to the raiyats? Government might say that bankers had lent and raiyats borrowed moneys for which the Government themselves were not responsible. But was that so? After all, those calling themselves bankers and lent large sums of money as a matter of business were very few and the bulk of them generally lived in the cities. But the bulk of petty moneylenders lived in the villages and it was they who were responsible for the present plight of the raiyats. They themselves might have borrowed moneys with a view to lend to ignorant agriculturists at appallingly heavy rates of interest and even such moneylenders would in many cases come within the meaning of the term "agriculturist" as defined in the measure under discussion, because ostensibly they might be agriculturists owing the prescribed minimum debt to some others. If that happened, he did not know which really deserving

interest was going to be served by the legislation proposed.

Then, the Government had done nothing to enable the agriculturists to save even a few rupees, annas and pies. Agriculturists were not getting proper prices for their produce though they toiled hard on their fields. On the side of industry, crores of rupees were going out of Mysore in the form of gold. As regards trade, prohibitive duties were levied by the British Indian Government on exports from the State and Government had not taken steps to prevent the drain. Even internal administration was top-heavy and the raiyats, from whom the bulk of the State's revenue came, were unable to contribute the cost thereof. In short, on the one hand, the raiyats were burdened with over-taxation and on the other their earning capacity had decreased. Most of them had only one meal a day and some of them could not afford to have more than a half meal. And Government had done nothing to improve their position. For these reasons he did not think that the Government deserved congratulations on any count.

Next, as regards the merits of the proposed measure, he said that it would not be helpful to honest creditors and in addition, it sought to strike at the root of contractual relations subsisting between debtors and creditors. It amounted to saying that loans made in good faith were not in law bound to be repaid. Further, the genuineness of claims preferred by plaintiffs could not be ascertained by Conciliation Boards because there was no provision for recording evidence according to the Evidence Act or summoning witnesses according to the Civil Procedure Code. In the absence of these, there was a possibility of even fictitious claims on the part of creditors or frivolous defence on the part of debtors proving successful, much to the prejudice of the other party. In the next place, the measure was premature for the reason that measures for debt redemption should have been organized and Land Mortgage Banks established in all places before debt conciliation was thought of. And even if the measure under discussion was taken up first, it would be better, he thought, to try its working in a few places to begin with, instead of applying it to all parts of the State at once. Personally he feared that just like Bench Courts, Conciliation Boards also would prove unworkable.

Mr. K. SRIKANTAIAH, in supporting the measure, observed that both debtors and creditors would welcome it. Unlike the previous speaker, he said he was very hopeful about the successful working of Conciliation Boards, because, more than debtors, creditors would be willing to apply for the intercession of the boards. And by the method of settlement by conciliation, the speaker thought, litigation would decrease and an impetus given to settlement of disputes out of court. Because interest on debts would go on accumulating, the burden on the debtor would increase every day. Even if the creditors went on fleecing the debtors, few of them could afford to go to court because of the heavy cost of litigation. But resort to Conciliation Boards would cost them nothing and so these boards were, in his opinion, bound to become popular. The same was the case with all debtors generally, and he suggested that debtors other than agriculturists be also given the benefit of this measure.

He next brought to notice that in a large number of cases, petty merchants would open shops in the villages, get into touch with large scale dealers in the cities, posing themselves as well established merchants, obtain provisions on credit and never pay. When the creditor-merchants pressed for payment of dues, the debtors would manage to secure the intervention of local arbitrators and pay nothing or only a few annas in the rupee. Thus, large scale provision dealers in the cities were experiencing heavy losses. In this view he urged that the benefit of this measure be extended to merchants in the cities and that Conciliation Boards be established in the two cities of Bangalore and Mysore.

Mr. K. P. CHANNABASAVAPPA, in further supporting the measure, thanked

the Government for introducing it and said that it had not come a day too soon. But he suggested that in addition to discharging their dues the agriculturist-debtors should also be helped to keep their body and soul together.

Mr. M. S. PUTTARAMA SETTY also supported the measure. But he added that if, instead of bringing creditors and debtors face to face in the presence of Conciliation Boards, the Government themselves had directly gone to the rescue of debtors, he would have appreciated very much that gesture on the part of Government. They could have themselves paid off the debts on behalf of the agriculturists and recovered the same from them in easy instalments, so that the debtors' dealings would lie with a sympathetic Government rather than with unsympathetic private moneylenders. He did not think that Land Mortgage Banks were eager or likely to help agriculturists very much. That, however, was the experience of most poor people. So there was no use thinking of them in connection with the proposed measure.

Mr. H. B. GUNDAPPA welcomed the measure. But he said that it would have been better if the Government had introduced a debt redemption scheme before bringing forward this measure. Now, beyond bringing both the debtor and the creditor face to face in the presence of Conciliation Board, themselves standing aloof, they had not done anything by the raiyat. He was afraid that debtors might hesitate to seek the intercession of the Conciliation Boards because, if instead they resorted to civil courts they would get 8 years' time for the repayment of debts so that they might keep their properties intact and slowly prepare to discharge the loans at the end of the period allowed. But under the proposed measure, they would have to repay the debts in one lump; otherwise, the amounts awarded by the Conciliation Boards would become recoverable as arrears of land revenue and their lands would be proceeded against. Thus, they would lose all their lands which were the only means of their subsistence. In that event, the very object of the Bill would be frustrated. He therefore thought that the power proposed to be given to Deputy Commissioners to recover the amounts as arrears of land revenue should not be provided for. The measure had been designed to help the agriculturists, but if this power was given and exercised, these would certainly become non-agriculturists. The member therefore suggested that some other method of debt redemption must be devised whereby the agriculturist would not be hard hit. Personally he felt that the Government should have done something to help the unfortunate agriculturists. In Bhawanagar, for example, the State had repaid one-fourth of the debts owed by agriculturists. But in Mysore the Government had extended no such relief. He was very sorry that Government should have kept aloof from the transaction. It was not only debtors that were suffering at the present time. Even creditors had difficulties of their own. In fact he was aware of cases where creditors went to him and requested him to intervene and effect a settlement even at the rate of a few annas in the rupee. This, he said, showed to what a plight both borrowers and creditors had been reduced. The Government often referred agriculturists to Land Mortgage Banks, but these banks rarely helped them, and in cases where they did, the loans would be given very long after they were applied for. Thus, the Land Mortgage Bank scheme itself was not of use to many, and there were no hopes of the scheme of Conciliation Boards helping them either. In conclusion, the member referred to the powers proposed to be given to the Conciliation Boards and suggested that the decisions of these boards should be final and not made appealable.

Mr. L. VEMA REDDY, speaking next, observed that the measure was premature and would lead to complications in its working. The raiyats were in a miserable condition and could not pay back their debts even in part. The speaker therefore thought that Government should have taken up some effective means of debt redemption

before introducing this measure. Secondly, a creditor himself might have borrowed from a banker, and if necessary might be able to pay back all his debts. But taking advantage of the proposed measure, he might say that he could not pay all the debts and might seek the help of Conciliation Boards. Why, the member asked, should such undeserved concessions be shown to anybody? In the next place he did not know how the Government would be justified in asking creditors to forgo any portion of interest due. Supposing an agriculturist had obtained loans from the Government, the speaker asked whether the Government would be prepared to extend the benefits of the measure to him. Even Government borrowed funds on which they had to pay interest and they could not afford to forgo interest on loans advanced by themselves. Similarly the moneylenders might have their own difficulties and it would not be fair to insist that they should forgo any portion of their legitimate dues. If the creditors were getting on well, they would be in a position to help their debtors. If they themselves had financial difficulties, help to debtors would be out of the question. And even apart from the affluence of creditors, it was unfair that anybody should be helped at the cost of another. Contentment on the part of all classes of His Highness' subjects was essential in the interests of the prosperity of the State. For these reasons, he could not lend his whole-hearted support to the proposed measure.

Mr. Belur SRINIVASIENGAR also observed that the measure was premature and incomplete and that a scheme of redemption of debts should have preceded it. Government had stated on a previous occasion, when the Agriculturists' Relief Regulation was introduced, that if debt conciliation should be effective, some other concomitant measures might have to be undertaken. One such measure was redemption of debts. But Government had not tackled that problem as yet. He was afraid that without debt redemption the working of Conciliation Boards would be a failure. The State was under an obligation to the agriculturist to do some substantial good to him in order to save him from indebtedness. How then could relief be given? Providence was very kind to Mysore in placing within the bowels of its earth a gold mine which did not exist anywhere else in India. The mine now yielded as much as Rs. 26 lakhs per annum. The Government could well have spared that revenue to save the raiyat. But they had not done that. The Sivasamudram Hydro-Electric scheme was yielding as much as Rs. 36 lakhs per annum, which could have been utilised in the service of the raiyat. But it had not been done. Again, from the excise duty on matches and sugar, they were getting as much as Rs. 10 lakhs a year. That, they could have spared for affording relief to the raiyats, but they had not done even that. There was a saving of Rs. 10 lakhs due to reduction of subsidy, which could have been spent for the relief of raiyats, but even that had not been done. Crores of rupees had been wasted on speculative enterprises owing to different policies pursued by successive Dewans. He asked why the Government had not given at least a few lakhs of rupees to redeem the debts of the raiyats. They had no doubt proposed the conciliation scheme. The motive underlying that proposal was generous. But, with a similar generous motive, they could have introduced a debt redemption scheme also. He hoped that they would do it at least in the near future.

Mr. N. G. SANJEEVIAH, who next spoke, feared that the conciliation scheme proposed, being voluntary in its nature, would not be of much practical benefit. He was of opinion that all creditors must be compelled to come to amicable settlement in all cases in which debtors applied for such settlement. Without such compulsion, he was afraid that no creditor would agree to receive only a portion of the debt due to him, more especially because he could prefer to get the benefit of the provisions of the Agriculturists' Relief

Regulation which were more advantageous to him. Nor would the scheme of settlement by conciliation be of any very great help to the debtors in view of their very heavy indebtedness. On the other hand, it would cause further trouble to them, because no raiyat would easily get credit when large sums were outstanding against them. The speaker therefore thought that creditors should be compelled to agree to settlement by conciliation whenever agriculturist-debtors applied to Conciliation Boards.

Mr. MUNIVENKATAPPA observed that he was not in favour of making any invidious distinction as between debtors and creditors. He proposed that the element of compulsion which was proposed to be introduced as against creditors ought to be applied against recalcitrant debtors. In the case of debtors who had mortgaged all properties, he suggested that conciliation should be effected in such a way as to leave some property for the sustenance of the debtors and their families. He also suggested that interest at more than 6 per cent should be disallowed by the boards.

At this stage, the House adjourned for lunch and reassembled at 3-30 p.m.

Mr. B. L. BYANNA said that though the object of the measure was laudable the element of option coupled with the scheme had given rise to doubts in the minds of the public as regards its results. The scheme permitted of reduction of debts by means of conciliation between debtors and creditors. A raiyat might have, in addition to contracting debts from private parties, also obtained takavi and other loans from the Government. There was no indication in the Bill whether Government would agree to settlement of such loans also by conciliation. Again, he might have borrowed from co-operative societies or banks. The managing committees of such institutions might not be prepared to agree to conciliation and even if they were agreeable, they would have to refer the matter to their general bodies which might not agree to forgo any portion of the dues, and reference to general bodies might entail waste of time without any benefit to any party. Therefore, he suggested that the Bill might be applied only to cases in which the creditors, being anxious to recover at least a portion of the amount due by their debtors, applied to the board for conciliation.

It had been time and again represented in this House and elsewhere that the rates of assessment in the State were much higher than those elsewhere. Unless Government reduced the rates of assessment, no scheme of relief would be effective.

It had been stated that a judicial officer would be Chairman of the Board and his two associates would be non-official gentlemen. The member was doubtful if the pay of the judicial officers who would have to work as Chairmen of the various Conciliation Boards as well as the cost of their establishments would be borne by the Government, or it was proposed to throw the cost on the parties seeking conciliation. He wanted this point to be made clear at the outset. He also thought that as a preliminary to this scheme of debt conciliation, Land Mortgage Banks should be opened in all parts of the State and a comprehensive scheme of debt redemption prepared. Till then, the measure under discussion would be both premature and ineffective. For these reasons, he opposed the measure. But he added that he would have no objection to it if the scheme was improved so as to compel all creditors to agree to settlement by conciliation if their debtors applied to the Conciliation Boards.

Mr. B. SRINIVASA RAO, referring to the suggestion made by one of the previous speakers that the creditors might be given State loan bonds in full settlement of their debts and the amounts thereof recovered by Government from the debtors, said that that would in no way improve the position of the debtors. If at all, they would be debtors to the Government, if not to private parties. Besides, it would not be possible for the Government to undertake all the risk that such a scheme might involve. Instead of

that, Government would do well, if they had the real interest of the raiyats at heart, to advance loans to them to enable them to carry on their agricultural activities and recover the loans from out of the sale proceeds of the agricultural produce. As, under the existing conditions, the raiyats were finding it difficult to raise loans for purchasing plough cattle, seed, agricultural implements, etc., this help would be very much appreciated by them. Subject to the grant of such concessions by the Government, the member supported the measure.

Mr. H. K. MADIAH did not consider that there was any pressing need for the measure at present. What was proposed in the measure was already being done by private parties and in some cases, the creditors had agreed to receive only 40 per cent of the amounts due and to write off the rest, as against 50 per cent referred to in the Bill. When the Agriculturists' Relief Regulation was passed, the raiyats thought that a millennium was going to dawn before them. Already that Regulation had been amended twice as a result of which the agriculturists could not raise any loans in future. In other words, the Agriculturists' Relief Regulation was not of any real benefit to agriculturists. Similarly, the proposed Conciliation Boards also might not result in much relief to them. Instead of proceeding with this measure, the Government would do well to increase the number of Land Mortgage Banks and branches of the Mysore Bank in the State and thus enable the raiyats to raise money for their normal purposes. The economic condition of the country was not satisfactory and the present was not the opportune time for it.

Continuing, the speaker said that if the Government were particular about proceeding with the measure, he would suggest an improvement. The restriction that only those whose debts exceeded Rs. 100 could have the benefit of the intervention of Conciliation Boards would needlessly minimise the good effects of the scheme, as the liabilities in the case of a large number of raiyats might not exceed Rs. 50 or 60, and he would therefore suggest that the limit fixed might be reduced to Rs. 50.

Dharmapravartha M. L. NAGAPPA SETTY said that at first sight the Bill appeared to be beneficial to both creditors and debtors, but all the same, it required to be examined how far it would be helpful to agriculturists in particular. In the absence of the details of the Bill, members of the House could only make a superficial study of the Bill. This was a measure which would have retrospective effect in the sense that it would apply to loans raised prior to the date of its taking effect. The measure would also affect the provisions of the Contract Act and the Civil Procedure Code. In such a case, it was necessary that opinions and criticisms should be offered after a very careful study of the details of the Bill. So it was desirable to give time to the members to study the details of this Bill and bring it up before the next session of the Assembly.

Mr. C. CHELUVIAH said that if these cases were disposed of by Conciliation Boards, both creditors and debtors would be helped, no doubt, but the Government would stand to lose the bulk of its stamp revenue and the State would suffer on that account. He enquired whether Government had in view any proposal to make good that loss.

Replying for the Government, **Mr. A. V. RAMANATHAN** said that from the speeches of the members and criticisms offered by them it did not appear to him that there was any difference of opinion as regards the necessity for the measure. Only one member had suggested that some time was necessary for studying details, but he was sure that even that member would give his support to the measure after such study. Since there was a general consensus of opinion in favour of the measure, he would not go into the details of the Bill, but would confine himself to one or two points raised in the course of the discussions.

It had been suggested by some of the members that a scheme of conciliation on a voluntary basis would not prove to be very effective and that it should

be made compulsory. One other speaker had referred to what was known as the Satyanathan Report. In that report, it had been stated that there should be no compulsion, at least for the present, that the working of the machinery for voluntary conciliation to be created should be carefully watched for some time and that if that machinery failed, compulsion should be applied as the very last resort. The Committee that considered this subject in the State had recommended, as conciliation in all places was on a voluntary basis, that a similar procedure might be adopted here also. Government had accepted that view. In all such matters, it would be risky to take final decisions. For similar reasons, Government had not considered it necessary at this stage to give insolvency jurisdiction to the Conciliation Boards.

Referring to the suggestions made by Mr. C. N. Narasinga Rao, the speaker said that most of them had already been embodied in the Bill which had been published for the information of the public, in the last week's issue of the MYSORE GAZETTE. Once the general principles were accepted, all the details would, of course, be discussed at the Select Committee stage.

As regards the points raised by other speakers, such as those relating to procedure, etc., he feared that if too many details were laid down the procedure would become cumbersome and the main object of the measure might be lost. The main object was that both debtors and creditors must be made to come together and arrive at a settlement by mutual consent. Too many restrictions would not conduce to smooth working. It was desirable that the Bill was simple and easy of work.

An observation had been made that without a comprehensive scheme of debt redemption, debt conciliation by itself could not do much good to the people, and that this aspect of the question had not been considered by the Government. He invited the attention of the members who had made that observation to the Government Order on the report of the Agriculturists' Relief Committee, wherein they had stated that the two principal recommendations of the committee to deal with the situation were extension of the Land Mortgage Bank scheme in order to enable indebted agriculturists to convert their dues into long term loans, and settlement of debts by means of conciliation. It had also been stated therein that the operations of the Mysore Co-operative Land Mortgage Bank had been extended to 22 taluks and it was the desire of the Government that the scheme should be further extended, as rapidly as possible, to other parts of the State also. So, Government had not lost sight of the first suggestion of the Committee. In spite, however, of the extension of the land mortgage scheme there would still remain a large number of cases in which it would be impossible for the debtors to discharge their liabilities in full; it was to deal with such cases that a scheme of composition of debts of agriculturists had been recommended by the committee. But such boards could not be brought into being without the Bill under discussion being passed. The Government were anxious to extend the operations of the Land Mortgage Bank and the Committee on Co-operation had been requested to suggest how best this could be done. If, as was pointed out by one of the members, there was not sufficient money for the Land Mortgage Bank to give relief to the raiyats, the question of providing funds could be considered and solved as best as circumstances permitted.

With these observations, he commended the Bill for the acceptance of the House, promising that all the suggestions made by the members in the course of the discussions would receive due consideration in course of time.

The general principles of the Bill were put to vote and passed by a large majority.

GENERAL DISCUSSION ON THE BUDGET.

In offering his criticisms on the Budget, **Mr. K. T. BHASHYAM AIYANGAR** said that the first impression he